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Provisional summary record (partial)* of the 14th meeting
Held at Headquarters, New York, on Tuesday, 1 July 2008, at 10 a.m.

President: Mr. Mérorès ..... (Haiti)

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Development Cooperation Forum (*continued*)

* No summary record was prepared for the rest of the meeting.

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The meeting was called to order at 10.05 a.m.

Development Cooperation Forum (*continued*)

Keynote address: The changing landscape and dynamics of international development cooperation

1. **Mr. Manuel** (Special Envoy of the Secretary-General for the Doha Review Conference) said that the international community had long recognized that the achievement of the Millennium Development Goals (MDGs) depended on deepened partnership, institutional reform and increased resources for financing for development. The Monterrey Conference and Consensus provided a compelling vision for common action, having generated innovative ideas, and having assembled international institutions in a common framework, focusing on a collective response to poverty and human development.

2. The Monterrey Consensus was built on countries' acceptance of responsibility for their economic and social development, and their understanding that sustainable development should be based on sound policies and good governance. Consensus was also built on the acceptance that the delivery of such policies required that greater amounts should be earmarked for financing for development.

3. Specific, quantifiable commitments had been forged at Monterrey, and those targets had been strengthened even further by the Group of 8 in 2005 when they made bold plans, and clear commitments on resources for official development assistance (ODA), debt relief, climate change and on meeting the MDGs, especially in Africa. Monterrey represented a benchmark, and its message would not be diminished through a lack of progress on implementation or on outcomes. The Doha Review Conference would provide an opportunity to review progress made in meeting the 2002 commitments and to define a series of measures to put the international community on track towards the achievement of the MDGs, which had subsequently been confirmed and underscored by world leaders in various forums.

4. New dangers, especially the crises with respect to finance, food and fuel had undermined the prospects of financing for development. Underlying factors such as global imbalances, weak financial governance and asset price bubbles that had led to financial disruption in 1998 persisted, and the impact of the food crisis was a measure of the failure to change the approach to financing for development. Consistent implementation of the Monterrey undertakings might have mitigated the effect of food price rises on political stability and social cohesion, and enhanced the realization of the Goals.

5. Many of the gains made in creating an environment conducive to the mobilization of domestic resources had been threatened by high fuel costs, which could worsen the situation with respect to finance and food. In the case of oil, the long-term view must also be considered: pumping more oil would increase emissions and further distort global imbalances.

6. Procrastination in responding to the challenges would increase their adverse effects, which was why countries must be held accountable for the full implementation of decisions taken and why multilateral approaches must be respected. Strengthened governance could change the landscape of development cooperation, and the desired objective should be a scenario in which units of aid spent in recipient countries could be measured against the same amount spent in donor countries. The results of such expenditures should be equal across a common and universally acknowledged unit of account.

7. Over the longer term, the problems of food and fuel required major transformations which, however, could not be achieved overnight. In the absence of legally enforceable mechanisms, the international community was a long way from meeting its commitments, and the credibility of such undertakings by world leaders was at stake. Failure to meet the ODA commitments made at Monterrey would undermine trust in the international community's capacity to confront the challenge of climate change, for example. The European Union had proposed the adoption of rolling multi-annual indicative timetables showing how donors intended to reach their ODA targets as one way of ensuring the fulfilment of commitments.

8. Perhaps the shifts in the global economy over the previous five years had created new opportunities for addressing challenges posed by the Monterrey process, but regardless of the approach taken, the resolve in holding countries to account for their prior commitments must be firm. Given the number of critical meetings scheduled to take place by the end of 2008, it might be timely to consider expectations and

to promote an understanding of interdependence among world leaders.

9. **Mr. Panitchpakdi** (Secretary-General of the United Nations Conference on Trade and Development) said that the complex architecture of development cooperation was influenced by the diversity of conditions prevailing within countries and the multiplicity of their needs. Issues relating to aid had been further compounded by the constant evolution of the development agenda and theories, and by the emergence of crises. Aid for trade had been integrated into the Doha Round, but even in terms of capacity-building and adjustment implementation, there was talk of new forms of aid that would have to mainstream trade into the development strategy. The nature of development cooperation itself was evolving to the extent that new non-Development Assistance Committee (DAC) donors were appearing; there was increased emphasis on triangular assistance, grants, and the private sector. Philanthropic entities had become increasingly active, especially in the disbursement of vertical funds for specific sectors such as health and environment.

10. On the whole, ODA commitments had largely not been met. The bulk of the increase in new technical assistance in recent years had been derived from the enhancement of the debt relief programme and much assistance was linked to conditionalities based on governance and institutional reform. Furthermore, the level of real aid per capita, at the start of the new millennium, had not actually risen above the levels attained in the 1970s and 80s.

11. Additionality and aid effectiveness were key issues in the new landscape of ODA and development cooperation. In its 2008 Trade and Development Report, UNCTAD had addressed additionality, for the first time, through econometric analysis. In its analysis, the Conference divided donors into three groups: the parsimonious, the generous and those which fell somewhere between those extremes. Experience showed that the generous donors provided fewer additionalities than expected but that there was no statistical difference between the other two groups in that regard. That assessment was not conclusive and the situation would be reviewed in the future. The issue arose with every crisis since funding for climate change mitigation and the Aid for Trade initiative must be provided as an additionality.

12. The effectiveness of ODA was normally measured in terms of the administration of assistance, ownership, conditionality, harmonization of delivery and mutual accountability. But it was also important to consider whether ODA flowed into sectors that enhanced the economic infrastructure and the production sector with a view to poverty reduction and development. ODA was not always harmonized with the needs of States which had low levels of foreign direct investment (FDI) in comparison with their gross national income (GNI). While it might be assumed that the needier States would receive the most ODA for social programmes, that was not the case in practice. There was no correlation between the ODA that a State received and its rank on the Human Development Index; thus, there was a need to harmonize assistance with achievement of the MDGs.

13. A genuine effort should be made to generate growth as a means to poverty reduction. Increasingly, donors' conditionalities on ODA were being extended beyond the economic sphere into the fields of governance and national institutions. It remained to be seen whether that approach would promote progress towards the MDGs since cultural, social, political, economic and historic factors would inevitably enter into any discussion of how to define "good governance". Such conditionalities could have a negative impact on economic and development strategies, and the balance between poverty reduction strategies and the recipient State's desire for ownership of those processes could differ from country to country.

14. A shortfall in ODA of over US$ 400 billion was anticipated for the period covered by the Goals. Various types of financing were being used to supplement ODA, and it was important to prevent confusion and to avoid placing new debt burdens on recipient States; as the representative of Germany had suggested, the use of carbon emissions quota auctions as a source of additional funding for adaptation efforts might be an approach worth pursuing. Funding from private sources must be coordinated; for example, assistance in the area of health care would be most effective if it targeted the entire health-care system rather than a specific disease.

15. Lastly, although South-South economic cooperation had doubled over the past two years, it amounted to only 3 per cent of funding from DAC members of the Organization for Economic Cooperation and Development (OECD). Countries

were amenable to receiving such assistance because it was not accompanied by conditionalities and involved few bureaucratic procedures.

16. **Mr. Zainal Abidin** (Malaysia) said the Special Envoy of the Secretary-General had rightly noted that the vision of the "grand bargain" embodied in the Monterrey Consensus was not shared by all countries. A "report card" showing the achievements of both the developed and the developing States was needed; ODA flows had been slow and, with a few exceptions, it was the developing States that had shown the greatest commitment to meeting their obligations under the Consensus. However, the international environment was becoming more challenging and there was some confusion as to the model to be followed.

17. The developed States which had called on some developing countries to assume a greater responsibility for assisting the least developed among them and for addressing the issue of climate change lacked credibility, since the developed world had failed to deliver on its promises. He was frustrated by the tendency to speak of climate change as if the problem could not be addressed until 2012; there was no reason why action should not be taken immediately.

18. **Mr. Sow** (Observer for Guinea) stressed the need for a harmonized international solution to the problems of countries in post-conflict situations, especially in Africa. Sierra Leone, Liberia, Guinea-Bissau and even Côte d'Ivoire were emerging from conflicts, but Guinea remained at the epicentre of the crisis in the region. Ten per cent of its inhabitants were refugees and, were it not for the Government's political and military efforts, the country would face even greater difficulties. He recognized that Guinea faced problems in the area of governance; however, a consensus Government had been established during the past year through an agreement with the State's trade unions, the nation's macroeconomic framework had been restored and contact with the International Monetary Fund (IMF) had been renewed. Unfortunately, there had been little progress in addressing the electricity deficit, which was compounded by the current food crisis. The new Government stood ready to work with the opposition but without international assistance, the situation was likely to worsen.

19. **Mr. Manuel** (Special Envoy of the Secretary-General for the Doha Review Conference), replying to the representative of Malaysia, said that the principal pillar of the Monterrey Consensus was that the developing States must take responsibility for improving their governance; however, he agreed that that process should be accompanied by increased ODA. The most recent studies on the economic development of sub-Saharan Africa showed that single-digit inflation had been achieved and that most African States had fiscal surpluses. Yet, despite their efforts, they were no better able to achieve the MDGs or to facilitate production than in the past. It was unacceptable for the Monterrey commitments to be met by one side of the resulting partnership and not by the other; before the Doha Review Conference, States should focus on the commitments that had already been made and on the need for accountability mechanisms. The international community should respond to the development needs of Member States that were emerging from poverty not because of the urging of others, but because it was the right thing to do. The focus should not be on calling into question the credibility of wealthy States that had failed to meet their commitments; instead, the States that acted in good faith should join their efforts and set an example.

20. With regard to the statement by the representative of Guinea, the key issue in post-conflict situations was the speed with which minimal resources were diverted to countries facing food stress. It was sometimes difficult for States to see that a crisis had resulted from a failure to understand the interdependence of markets; countries that were both food and fuel importers were the most vulnerable in that regard. The attacks of 11 September 2001 had created a sense of urgency that should be matched in response to the crisis that now affected the poorest countries of the world.

21. **Mr. Panitchpakdi** (Secretary-General of the United Nations Conference on Trade and Development) said he agreed with the previous speaker's comments on the need for a sense of urgency in addressing the current crises. ODA could be effective if it was provided quickly in response to needs on the ground. Although the Aid for Trade initiative had been agreed in the Ministerial Declaration adopted at the sixth World Trade Organization (WTO) Ministerial Conference, held in Hong Kong from 13 to 18 December 2005, not one cent of the funding envisaged therein had been disbursed in order to help the developing States build supply-side capacity and trade-related infrastructure.

The meeting rose at 11 a.m.